GRUMMAN DAILY EDITION
plane news
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## Court case continues

Elmo Zumwalt was yesterday's chief witness in the company's legal bid to block the proposed LTV merger. Zumwalt, former Chief of Naval Operations, told the court that if the merger went through there would only be two Navy aerospace contractors left to compete for Navy aviation business.

Grumman had filed suit in the Federal District Court for the Eastern District in Westbury seeking a preliminary injunction to block LTV's attempted takeover of the company. Judge Jacob Mishler, who is presiding over the case, may render a decision this week.

"The Navy and Defense Department have suffered lately from a reduction in competition," Zumwalt testified.

"I worry very much about not having three highly competitive companies in competition," he said referring to Grumman, LTV/Vought and McDonnell Douglas.

**As she sees it.** *The LTV takeover bid has generated much media interest in Grumman. Yesterday, Joan Shannon, Plant 35, gave her opinion on the proposed merger to Mike Conner of ABC's World News Tonight.*

## Washington weekly talks about takeover

In the September 28 issue of *DEFENSE WEEK* Jack Cushman, of the weekly's Washington editorial staff, interviewed financial analyst Gary Reich of Wertheim & Co.

Said Reich, "LTV is after the only defense company with an understated book value. Grumman is sitting on one of the most valuable pieces of land in the United States—in Bethpage, Long Island—which was totally written off long before the island became a commuter haven. That is why the offer is so generous."

Reich's reasons why LTV chose to pursue Grumman:

"First is the underlying asset value. I don't accept the fact that they would leave the headquarters in Bethpage, because they are sitting on fantastic unused capacity in Texas. Second, by acquiring Grumman they would be eliminating a Navy competitor—one of three basic Navy airplane firms. Third, they would probably get the approval of labor: LTV is unionized, Grumman is not."

Reich then compared the aerospace operations of both companies. "Vought's A-7 is obsolete and is being produced only on the strength of the Texas congressional delegation's ability to get it produced. Grumman's, we will be buying probably throughout my lifetime: there is no other place to go, and no other equivalent airplane."

Defense Week pointed out that LTV's aerospace group had a backlog of orders of $1.6 billion dollars at the end of last year. Grumman's backlog was $2.8 billion.

*October 6, 1981—Grumman shares closed at 33¾ today; approximately 70,800 Grumman shares were traded.*

# More than money ...and why not?

Several local community weeklies have proclaimed their support for Grumman. The following excerpts were taken from *Suffolk Life's* September 30 editorial.

....We are delighted that the management of Grumman has chosen to fight this takeover bid. The future of Grumman is too deeply involved in Long Island's future to have it controlled by a sunbelt conglomerate. There is a slogan that pertains to the nation: 'As General Motors goes, so goes the nation.' On Long Island, this saying could well be: 'As Grumman goes, so goes Long Island.'

If LTV is successful in their bid, decisions made in Texas could leave Long Island out in the cold. People who know nothing about Long Island or its dependency and interrelations with this corporation could arbitrarily decide the cost of doing business on Long Island is too high. We can accomplish better profits by moving divisions or plants to other parts of the country. There wouldn't be anything the individual employee, the management of Grumman or our governmental officials could do about it. Notices would be sent out.

Over 20,000 Long Islanders call Grumman their employer. Grumman has been good to their employees and their employees have been good for Grumman. They have formed a partnership that is the economic backbone of Long Island's economy, one we can ill afford to lose.

For stockholders there is the temptation to accept LTV's bid of $45 a share...Before they do, we hope they will consider the ramifications of this takeover. A quick profit today often is not what it appears to be. Individual Long Islander's quick profits could lead to massive unemployment, relocations and a crippled economy that would affect everyone from the dishwasher in a diner to the president of a bank.

Grumman belongs on Long Island and Long Island needs Grumman.

"And why not?"

# Congressmen post views to the President

"In our view, the proposed takeover of Grumman Corporation by LTV Corporation would be counter to the best interest of Grumman, counter to the national economic interest, and counter to the interest of national defense."

So begins a letter addressed to President Ronald Reagan. The letter, dated October 5, was signed by 38 members of Congress who are all from New York State.

They made three points to the President, "First, such a merger would be anti-competitive....Second, in defense terms we are facing the takeover of a vigorous and successful airframe producer by a much less successful producer....Third, the basic corporate philosophies are diametrically opposed and most probably incompatible.

"In sum," they went on to say, "this proposed takeover is a product of financial speculation, not of sound defense management. It is our view that the merger is not permissible under the terms of the Clayton Antitrust Act, and we ask that it be prohibited."

# A correction

Yesterday's issue incorrectly reported the ownership of Grumman shares. Here are the correct figures. Fully diluted (if all preferred and debentures were converted into common shares), there are 13.8 million common shares. Of that total, 3.2 million belong to the Employee Investment Plan; 525,000 shares are in the Grumman Pension Plan, and Grumman directors own about 234,600. That leaves about 9.8 million shares owned by the public. In other words, a little over 71 percent is owned by the public.

*Editor's note:* Many Grummanites have questioned reports that the Employees Investment Plan holds 32 percent (or more) of Grumman common shares. Those reports are correct—based on the 10 million-plus common shares of Grumman outstanding. But, LTV is making its offer to all owners of Grumman common shares, as well as owners of all debentures and preferred shares which are convertible into common shares. If every such preferred share and debenture were to be converted, the number of common shares would increase to 13.8 million. Viewed in this light, the Employee Investment Plan holds only 23 percent of the 13.8 million.

# Loud and clear

"Grummanites have just one word to say to LTV. 'NO!'"

This message appeared in the DALLAS NEWS on Sunday, October 4, and in Monday's NEWSDAY. It was paid for out of a special fund created by Grummanites for their own advertising campaign.

So far, Employee Services has collected more than $15,000, mostly in one-dollar contributions.